



PUBLIC SCHOOLS OF NORTH CAROLINA

State Board of Education | Department of Public Instruction

School Business Processes

Alexis Schauss, NCDPI Director of School Business

Joint Legislative Task Force on Education Finance Reform

December 13th, 2017

Overview

I. The Cycle of State Funds, Data and Controls

II. Budget/Allotments

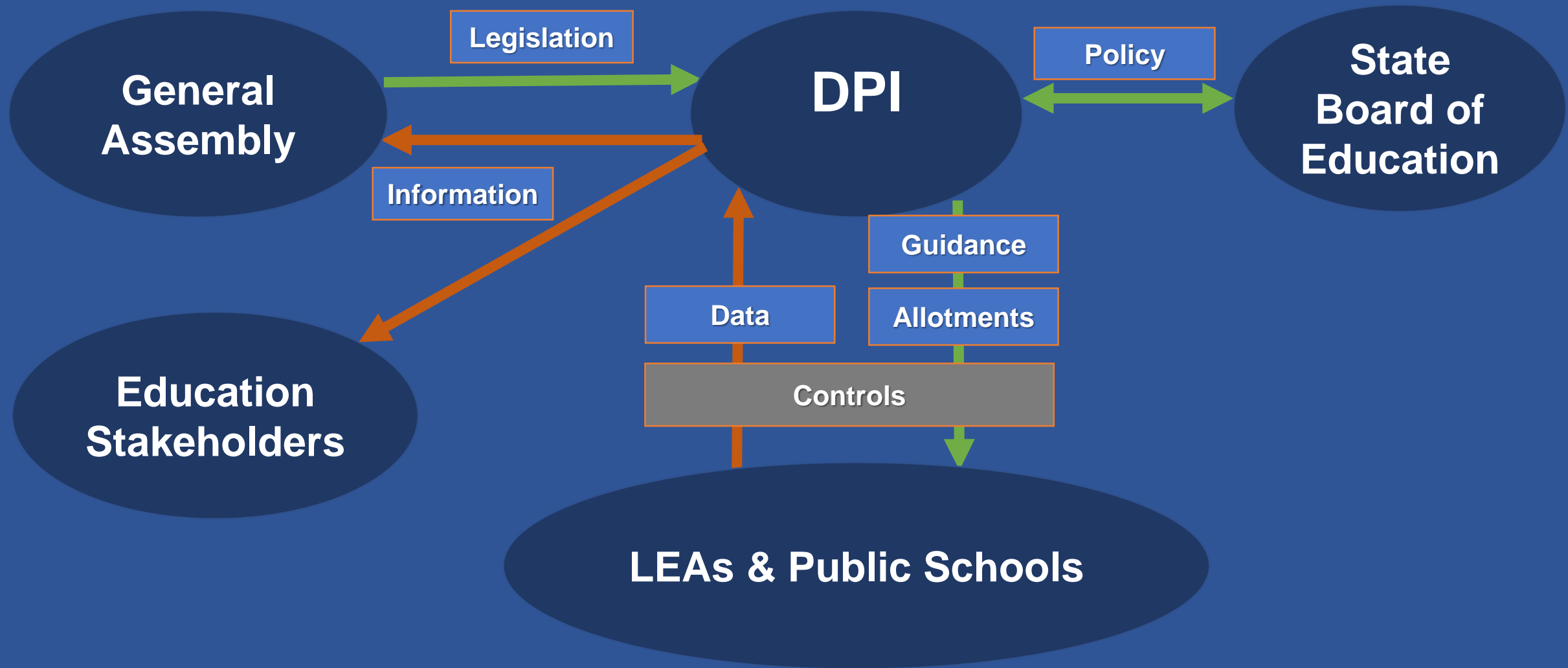
III. Data

IV. Controls

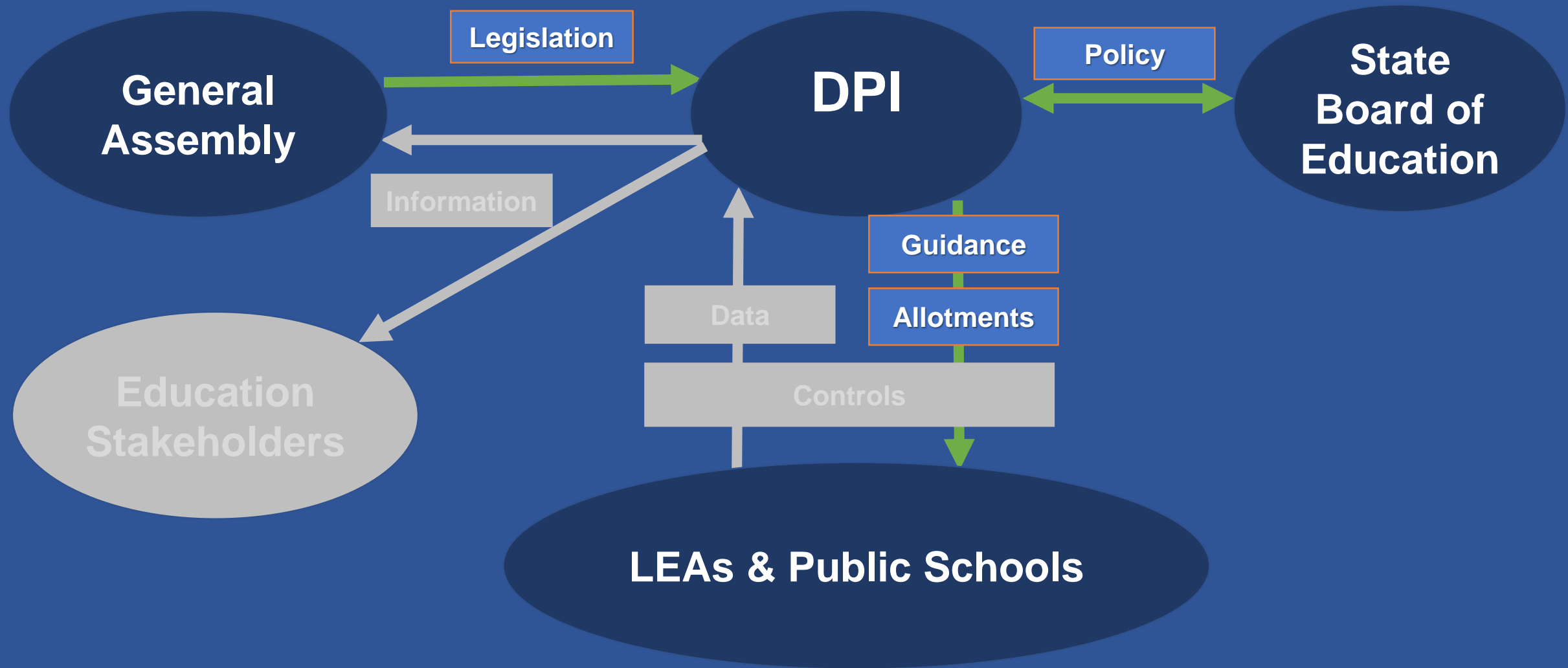
V. Information



I. The Cycle of State Funds, Data and Controls



II. Budgets and Allotments



State Budget and Allotments

Governed by:

- General Statute
- State Board of Education Policy
- Office of State Budget & Management
- Session Law



After the Budget is ratified...

DPI modifies the base budget to reflect the changes in the Appropriations Bill, including:

- Average daily membership growth
- Legislated Salary Increases
- Benefit changes
- New programs
- Changes to existing formulas.

Example of Legislated Salary Increase (LI) and Benefits Change

Children with Disabilities (2017-18)

Funding per Headcount – Appropriations Bill	\$4,125.27
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LI funds allocated to the allotment based on
prior year FTE paid from this allotment

Final funding per Headcount	\$4,253.55
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Allotments not increased for LI

Per legislation the following allotment categories are not adjusted for LI, regardless of personnel funded from the category:

- Cooperative Innovation High School
- Small County
- Low Wealth

After the Base Budget is modified...

Funding for continuing charter school is extracted from the appropriations lines to arrive at the funding available for each allotment to LEAs.



After the Budget is prepared for LEAs...

The initial allotments are calculated.

LEAs receive initial allotments⁽¹⁾ within 10 days of the budget being ratified. This represents approx. \$8.12 billion of the total final allotments or 95%⁽²⁾.

(1) Initial allotments are a group of allotments for which all the revenue and data elements are available at the ratification of the budget. Allotments provide an authority to draw cash.

(2) 2016-17

Allotments System

- LEAs and public schools are notified of adjustments to their allotments through a web based system.
- Transfers can be managed by the LEAs through the system.
- A **“Public Site for Allotment Data”** is on the FBS website. The public can look up by LEA and allotment and see initial funding and all revisions to State and federal funds back to 1996-97

<http://www.ncpublicschools.org/fbs/allotments/>

Revisions

Any funding, adjustments or transfers after the initial allotments to LEAs or public schools.

They fall into 2 categories:

- Revisions Required by Law & Policy
- Revisions Required per Budget Flexibility

Revisions Required by Law or Policy



Rev 1 - Charter school, et al. allotments

Charter school, regional school, Lab schools base allocations are derived from the LEA allotments.

Charter school base allocation - 115C-218.105

July 34% of the annual allotment based on the projected ADM is allotted.

November Recalculation to calculate Month 1 average daily membership.

charters w/ 3 years of good financial standing – access to 100%

charters on Disciplinary non compliance – provided monthly allotments

Others – access to 68% of the annual allotment

February Final 34% allotted

Webinar on charter school calculations on the FBS website at <http://www.ncpublicschools.org/fbs/charterschools/>

NCVPS Revision

Reduction to LEAs and public schools for NC Virtual Public School

Per legislated formula Session Law 2011-145
Section 7.22



Adjustment for current year ADM – LEAs⁽¹⁾

Reduce allotments⁽²⁾ to account for declining avg daily membership (ADM)

Increase allotments ⁽²⁾ to account for exceeding allotted ADM

Threshold is 2% or 100 ADM

(1) Other public schools are adjusted based on Month 1

(2) Not all allocations are adjusted – eg. Central office, small county, low wealth are not.

Carryover Funds Revision

Per legislation the following funds carry over.

- Summer reading camps (ends Oct 31st)
- At Risk (ends Aug 31st)
- School Connectivity
- School Technology

Calculate the unspent funds as of June 30 and reallot

Examples of Additional Revisions

Fines and Forfeitures – upon receipt

School Technology interest- monthly

Special Excep. Children funds – needs based

Child headcount transfer – after first 60 days



Examples of additional Revisions that need SBE approval prior to distribution

Allocation method

Bus Driver salary increase

As awarded

State competitive grants

Based on accountability results

Principal/teachers bonuses

Summer Camps - Excellent Public Schools



Federal Grants

Federal grants are generally 27 month grants
Revisions for federal grants (as application and budget for LEA/charter is approved by DPI program staff)

- initial current year installment
- Final current year installment

There are 27 different federal grants in 2017-18

Revisions Required per Budget Flexibility



LEA Transfers

Budget Flexibility 115C-105.25

Allows LEAs to transfer allotments between categories to meet the educational requirements of their school district.

LEAs request transfers electronically through the Allotment system and they are processed once a month.

The system has controls to ensure that transfers are not made in violation of the law.

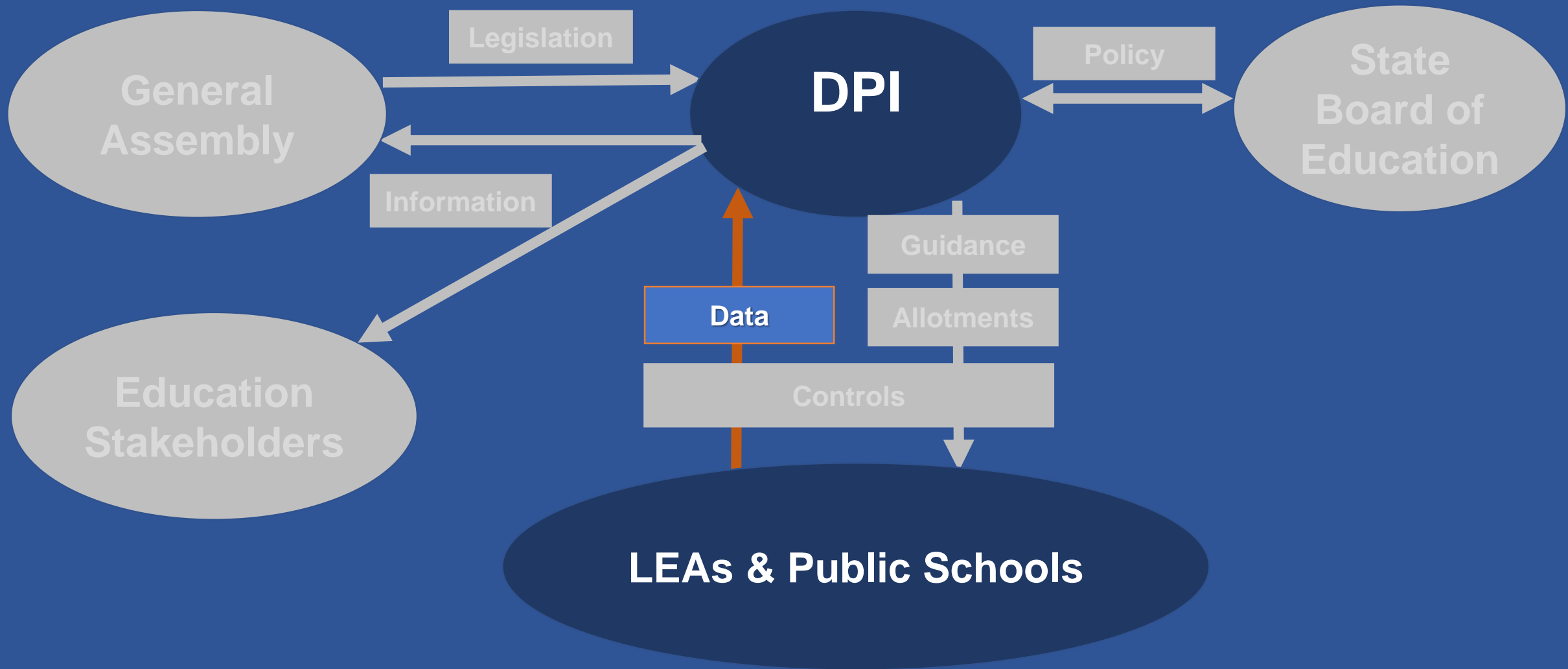
LEA Transfers

In the last 3 fiscal years, LEAs transferred between 2.2% and 3% of the total adjusted initial allotments (\$166m and \$238m)

Transfers can be viewed on the public allotment site on the FBS website and on each LEAs website.

New legislated report provides aggregate information on transfers – Due Dec 1

III. Data



Data Collection

Governed by

- General Statute –
 - Uniform Education Reporting System (UERS)
 - Budget and Fiscal Control Act
- State Board of Education Policy
- Session Law- legislated reports

UERS -115C-12(18)b

The State Board of Education shall develop and implement a Uniform Education Reporting System that shall include requirements for collecting, processing, and reporting fiscal, personnel, and student data, by means of electronic transfer of data files...

Effective fiscal year 1989-90

Uniform Education Reporting Systems

All LEAs and public schools are required to use systems for financial and student accounting that are either required by the State or tested to ensure they meet compliance with State requirements and UERS.

Monthly student, financial and payroll records are submitted electronically by all LEAs and public schools.

UERS -115C-12(18)a

The State Board of Education shall adopt standards and procedures for local school administrative units to provide timely, accurate, and complete fiscal and personnel information, including payroll information, on all school personnel.

Effective fiscal year 1987-88

Standard Format

All LEAs and public schools are required to:

- Use the Uniform Chart of Accounts
- Account at the school level
- Pay certified personnel in a consistent manner
- Submit the data in a prescribed format on designated dates.

Business Systems Modernization

The General Assembly funded a multi year project to modernize the financial systems in the public schools and at the Department of Public Instruction.

SL 2017-57 Sect 7.16



Powerschool - Student Accounting

UERS 115C-12(18) e.

All public school students are accounted for in Powerschool and reporting shall be incorporated into the system.



Main Student Data Collections

Membership

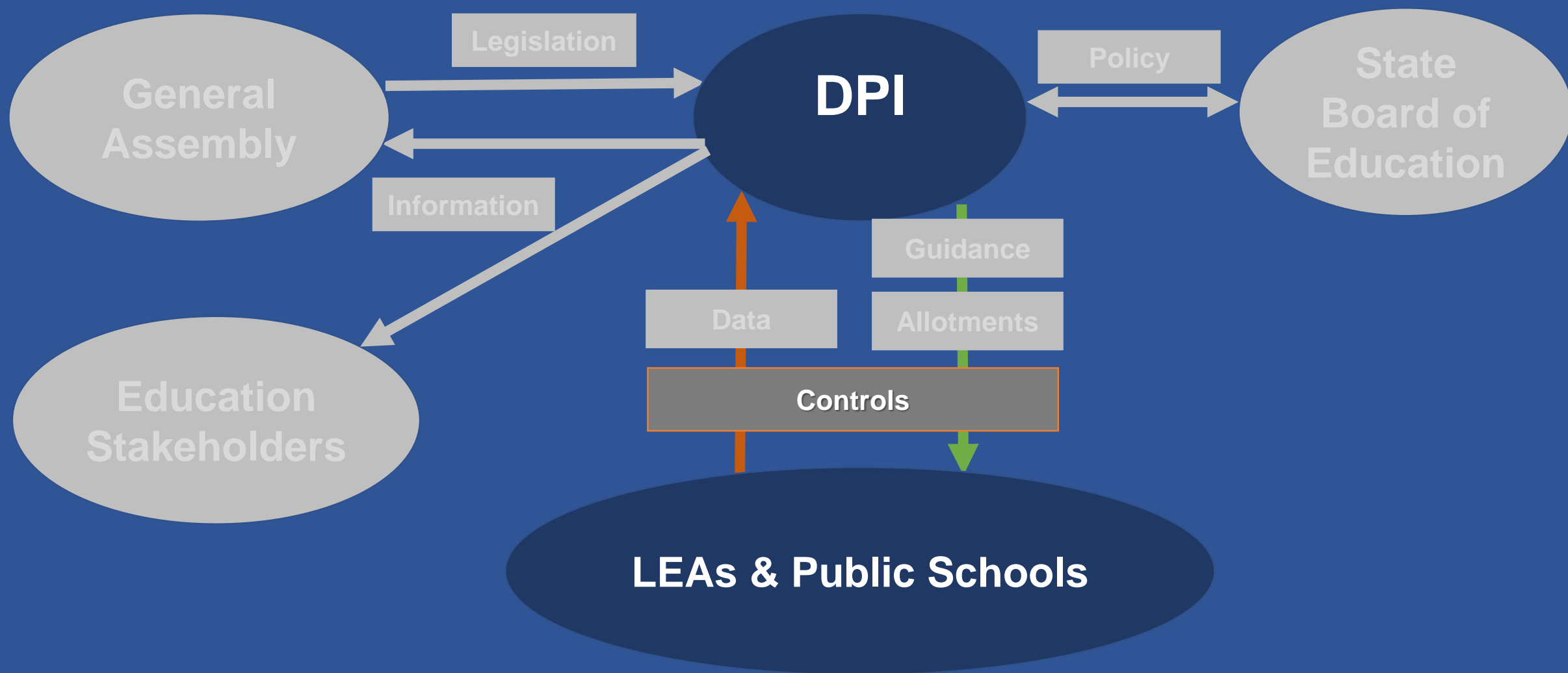
Attendance

Teacher assignments

Class size and exceptions



IV. Controls



Controls

What controls are in place to ensure that the funds are expended in accordance with legislation and policy?



Controls

- LEAs have accounting internal controls
 - Industry standards
 - The School Budget and Fiscal Control Act
- SBE manuals and guidance
- Chart of accounts
- Educator salary audits

SBE Policy and Manuals - ncpublicschools.org/fbs

- Allotment Policy Manual
- NC Public School Chart of Accounts
- NC Public Schools Salary Manual
- NC Public Schools Benefits and Employment Policy Manual
- School Attendance and Student Accounting Manual

DPI Guidance and Support- ncpublicschools.org/fbs

- Q&As
- Guidance documents
- Webinars



Chart of Accounts

The Public School Chart of Accounts is the backbone of the accounting function and provides us with information on the use of funds, control the use of funds and an ability to audit the use of funds.

Every expenditure and payroll voucher is coded to an account and school number.

Example of the Account Code

Structure	Fund	Purpose/Program	Allotment/Grant	Object
Example of	State Federal Local Capital	Regular. Exceptional Child. At Risk CTE Guidance Services Health Services Principal Office Leadership	Classroom teacher Principal Central Office At Risk Bonus Pay Summer Camp Title I IDEA VIB - EC	Teacher salary Teacher Asst. Cafeteria worker Substitute Pay Contracted Serv. Retirement Supplies Workshop Exp. Utilities Tires
Code	1	5270	001	121
Description	State	Limited English Proficient	Classroom teacher allotment	Teacher salary

Example of the Account Code

1-5210-069-133

State – Excep Child – At Risk Allotment - psychologist salary

1-6550-056-423

State – Transportation- Transportation Allotment – fuel expense

3-5830-050-411

Federal – Guidance services- Title I grant- supplies and materials

The full chart of accounts with description is on the FBS website at
<http://www.ncpublicschools.org/fbs/finance/reporting/coa2018>

How is the chart defined?

- The legislation and policies define the allowable expenditures.
- DPI translates into the chart of accounts for each allotment.
- The LEAs systems upload the chart of accounts daily and prevent the LEA from coding unallowable expenditures.

Educator Salary Audit

LEAs are required to have certified educators (principals, assistant principals, teachers and instructional support.)

The Salary system and 2 DPI staff members audit every educator's monthly state and federal salary paid by the LEA to verify that they are paid:

1. According to their years of experience
2. According to their education level
3. According to National Board Professional Teaching Certification

Ensures that the 97,500 educators are paid appropriately, accounting for approx. \$5.5 billion in State funds (65% of the total State expenditures).

Educator Salary Audit (cont.)

4. Audit that the educator is being paid from an allowable funding source for their license.

This ensures that educators paid from

- Exceptional Children (EC) funds are licensed in EC
- Career Technical Education (CTE) funds are licensed in CTE
- Limited English Proficient (LEP) funds are licensed in LEP

And so on.

If there are exceptions, the system generates an electronic audit exception in the amount of the overpay/underpay on a monthly basis.

Federal Grants

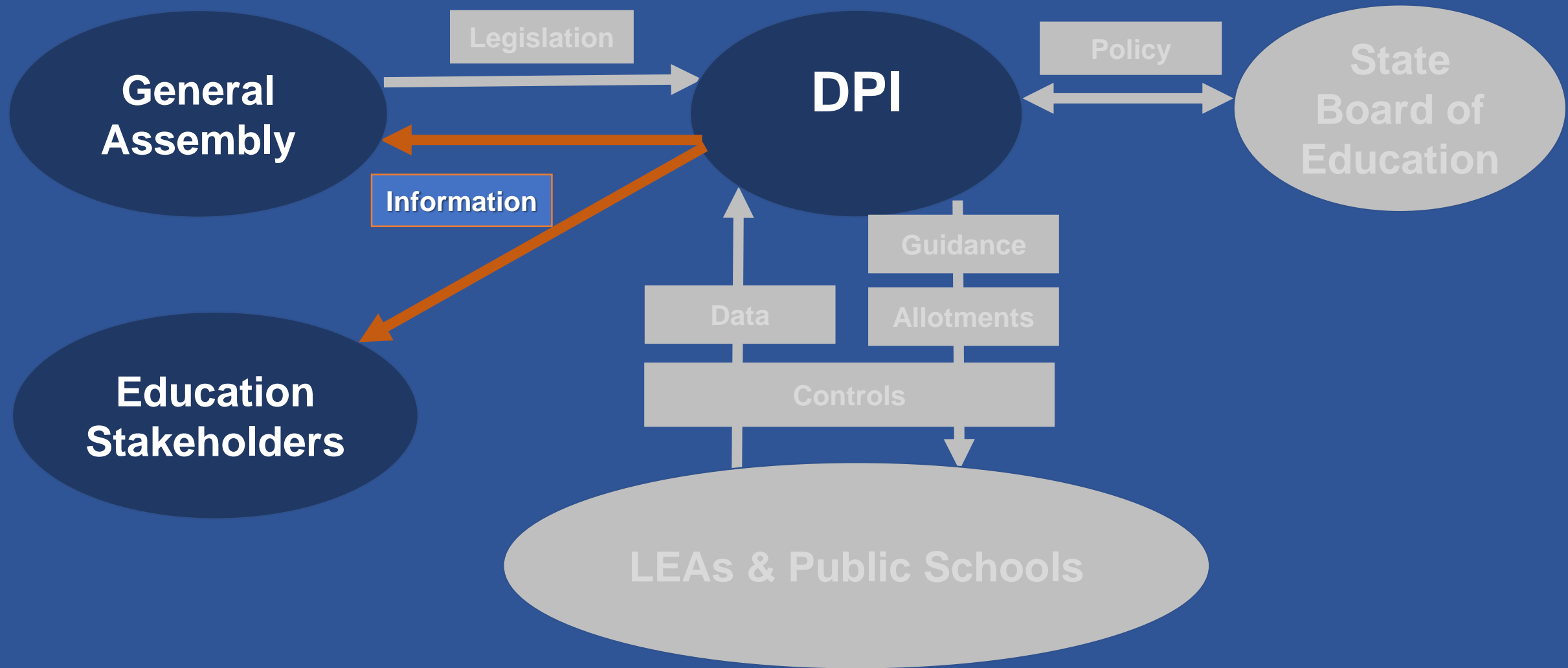
Specific requirements

- To have approved plans for the use of funds
- To have approved budgets for the use of funds
- Federally funded fiscal and program monitors at DPI

Annual Audited Financial Statement 115C-447

- All LEAs and public schools are required to have an annual independent financial statement audit and required single audits.
- Local Government Commission and DPI Division of School Business review all audits.
- Resolution of all findings, including questioned cost and corrective action.

V. Information



Information

Budget and Accounting

- Average daily membership
- Average salary
- Personnel data
- Expenditure data



Information provided from the data

Example – Limited English Proficient (LEP)

- The amount of the LEP allotment by LEA
- The transfers in and out of the allotment
- Expenditures paid from the LEP allotment
- LEP program expenditures paid from other State allotments
- LEP program expenditures paid from Federal and Local funds
- Types of expenditures from the State, federal and local funds
- Number of LEP teachers
- Years of experience and education level of LEP teachers
- Location of the LEP teachers

The full chart of accounts with description is on the FBS website at <http://www.ncpublicschools.org/fbs/finance/reporting/coa2018>



Information

UERS centralized data allows Financial Business Services to report on behalf of all LEAs and public schools, including:

- Federal reports
- Legislated reports
 - Expenditure and transfer reports
 - Class size reports
 - State of the Teaching Profession in NC

Information on the Web

- Allotments
- Highlights of NC Public Schools
- School Report Card
- Expenditure information
- Statistical Profile
 - Financial
 - Personnel
 - Student
- Student accounting reports

<http://www.ncpublicschools.org/fbs/resources/data/>

Stakeholders

